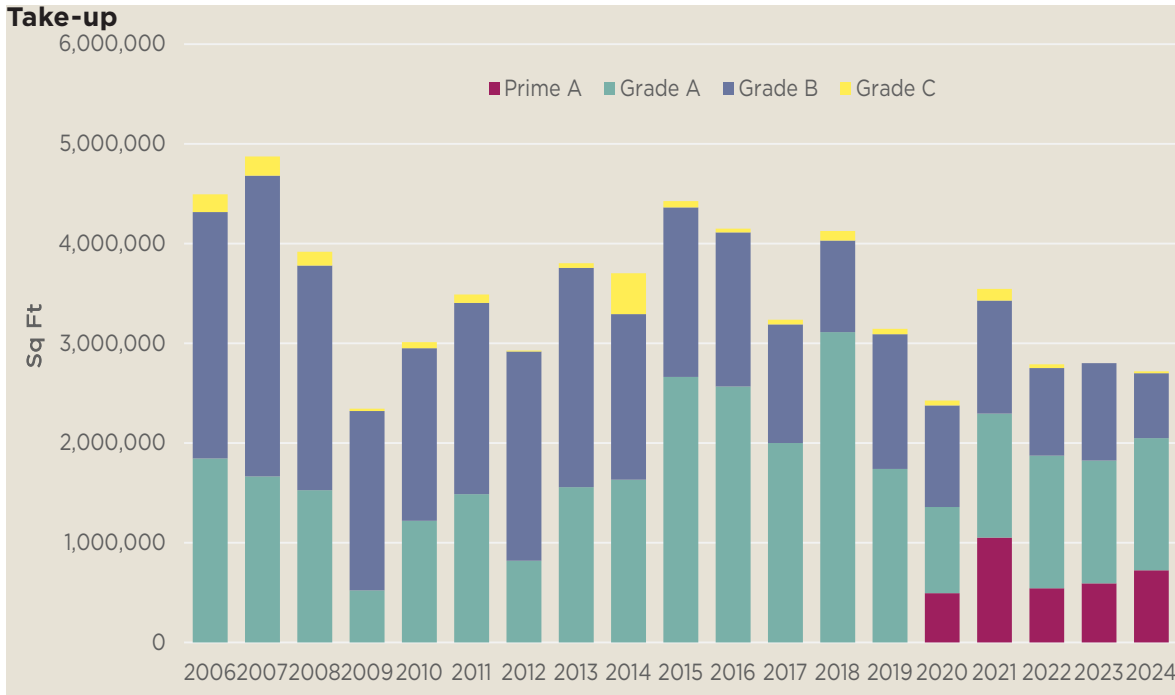


Greater London & South East Offices



Summary Take-up reached 2.7 million sq ft at the end of 2024 which was 4% below the total recorded in 2023 and 8% below the five year average as sentiment was impacted by the Autumn Budget. Record high rents continue to be achieved across the region with 16 submarkets setting new rental highs against a backdrop of falling supply and a flight to quality from occupiers.



Take-up slowed in Q4 after a strong start to the year resulting in annual take-up being 4% below 2023

Take-up reached 2.7 million sq ft at the end of 2024 which was 4% below the total recorded in 2023 and 8% below the five year average. After a strong first half of the year in 2024 where take-up was 50% above H1 2023, there was a slowdown in leasing activity towards the end of the year. The Autumn Budget has tempered the positive sentiment that was present in the market with rising business costs and a change in fiscal policy, impacting the confidence of some occupiers. This culminated in Q4 2024 take-up totalling 624,000 sq ft which was 34% below the five year average.

There was an uptick in activity from occupiers leasing between 10,000-19,999 sq ft with 63 deals recorded in this size band which was 62% above the total in 2023 and the highest total since 2019, demonstrating the increase in leasing activity from medium sized occupiers. The resilience of the market in 2024 was highlighted by only a 4% reduction in annual take-up from 2023, despite there being no deals recorded over 100,000 sq ft. This size band typically accounts for 15% of the annual take-up volume.

Notable large transactions that occurred in 2024 were Johnson and Johnson leasing 96,000 sq ft at Legal & General's Tempo, Maidenhead and TUI acquiring 81,000 sq ft at The Lumen, Capability Green, Luton.

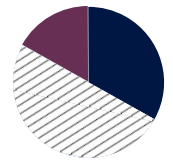
The three submarkets which experienced the highest volumes of take-up across the region were Reading, Chiswick and Maidenhead. Notably in Reading, there was 523,000 sq ft of

take-up recorded which was a 159% above the five-year average and the highest total since 2019. Both Reading and Maidenhead have benefitted from prime buildings being speculatively developed in town centre locations which has appealed to existing local occupiers and inward movers into these towns. The flight to quality in the wider market has been evident with 75% of take-up being grade A standard.

The Greater London & South East office market has a broad tenant base which has helped improve the resilience of the market with the region not reliant on one business sector to derive demand from. This trend was evident in 2024 with the manufacturing & industry occupier type being the most active, accounting for 27% of take-up. A variety of different sub sectors are included within this sector, notably pharmaceutical, fast-moving consumer goods, manufacturing and defence companies. The defence sector is set to be a growth sector in the region with the UK government committing to increase defence spending to 2.5% of GDP, this will support the ongoing expansion of the sector.

Looking forward we are expecting improved levels of take-up in the first quarter of 2025 with 1 million sq ft being currently under offer, which would represent a strong start to the year.

Key Data Points



75%
Grade A space accounted for 75% of take-up in 2024



15%
Total supply is 15% below the end-2023 level



16
Sixteen submarkets achieved record rents in 2024

Savills defines Prime Grade A as best-in-class office space that is ESG-compliant (EPC A&B) and contains multiple amenities; it has been tracked since 2020.

SUPPLY LEVELS EXPECTING TO ERODE ACROSS THE MARKET WITH THE DEVELOPMENT PIPELINE LIMITED

Supply levels in the market have reduced with the continued conversion of poor quality stock to alternative uses and a lack of development contributing new supply resulting in availability falling by 15% to stand at 12.9 million sq ft.

It is expected that supply levels will continue to erode due to the limited development pipeline. There is currently only 300,000 sq ft of available space under construction across the region. Notably, there is only one speculative development currently scheduled to complete in 2026 being Trehus, Maidenhead where 65,000 sq ft is under construction. It is unlikely that there will be many development starts in the short term with viability concerns continuing to constrain development.

PRIME OFFICES CONTINUE TO SET NEW RECORD RENTS ACROSS THE MARKET

Prime Grade A buildings that provide sustainable office space and contain multiple amenities have continued to achieve record high rents across the market. There were 16 submarkets across the region that achieved new rental highs in 2024. Notably in Q4 2024, Richmond achieved a new record high headline rent of £61.75 per sq ft where Lindt leased 29,500 sq ft at The Gosling. Corporate occupiers are prepared to pay premium rents to secure the best quality space to help attract and retain staff in a competitive labour market.

Rental growth is expected to continue against the backdrop of supply levels eroding with the development pipeline limited. It is expected that these market dynamics will help facilitate rents rising for all grades of space with landlords refurbishing existing stock for tenants who are seeking to renew due to a lack of alternative options.

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Key Statistics

The tables below detail key statistics relating to the Greater London & South East office market. Savills Research tracks take-up and supply over 5,000 sq ft.

Take-Up

| | Data (Sq Ft) | Year-on-Year Change |
|------------------------------|--------------------|---------------------|
| 2024 Take-up | 2.71 million sq ft | -4% |
| 2024 Grade A Take-up | 2.05 million sq ft | +12% |
| Average Deal Size | 14,695 sq ft | -10% |
| 10-Year Average 2024 Take-up | 3.43 million sq ft | - |
| 5-Year Average 2024 Take-Up | 2.94 million sq ft | - |

Supply

| | Data | Change from Q4 2023 |
|---|--------------------|---------------------|
| Total Supply | 12.9 million sq ft | -15% |
| Grade A Supply | 7.1 million sq ft | -2% |
| In-Town Supply Proportion | 52% | +2% |
| Out-of-Town Supply Proportion | 48% | -2% |
| Development Pipeline (Available Space Under Construction) | 300,000 sq ft | - |

Source Savills Research

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